Volume 3, Number 17 (updated) Summarizing budgetary issues in legislation scheduled for the House floor

24 June 2003

Week	of 24	June	2003
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SUSPENSION CALENDAR

1) *Homeland Security Technical Corrections Act of 2003* (H.R. 1416). This bill would neither increase direct spending – spending not subject to appropriations – nor reduce revenue.



2) Abraham Lincoln Bicentennial Commission Extension Act (S. 858). This bill extends the authorization for the Abraham Lincoln Bicentennial Commission, which was established to study and recommend activities commemorating the bicentennial of the birth of Abraham Lincoln, which will occur in 2009. The bill would neither increase direct spending nor reduce revenue.

3) Small Business Advocacy Improvement Act of 2003 (H.R. 1772). This bill would vest the management of the Office of Advocacy in a Chief Counsel appointed by the President with the advice and consent of the Senate. It increases the amount authorized to be appropriated for the Office under current law, and requires each budget submitted by the President to include a separate statement of the amount of appropriations requested for the Office of Advocacy. The Congressional Budget Office [CBO] estimates that implementing H.R. 1772 would cost \$6 million in 2004 and \$32 million over the 2004-08 period, assuming appropriation of the authorized amounts.

4) Premier Certified Lenders Program Improvement Act of 2003 (H.R. 923). This bill amends the Small Business Investment Act of 1958 to make loss reserve requirements of lenders under the premier certified lenders [PCL] program inapplicable to certain PCLs. Specifically, the requirements would not apply to PLCs that ensure the amount of their loss reserve is: 1) not less than \$25,000; and 2) sufficient, as determined by a third-party auditor, to protect the Government from the risk of loss associated with the PCL's portfolio of loans. The bill designates such lenders as qualified high-loss reserve PCLs, and provides related loss reserve requirements. CBO estimates that implementing H.R. 923 would not affect revenue and would have no significant impact on direct spending.

5) Requiring That Funds Made Available for Fiscal Years 2003 and 2004 for the Bill Emerson and Mickey Leland Hunger Fellowships Be Administered Through the Congressional Hunger Center (H.R. 2474).



This bill would neither increase direct spending nor reduce revenue.

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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to address support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A yellow flag indicates moderate or potential problems. A red flag indicates serious problems. Also note: Floor schedules and legislative details are subject to change after publication.

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and therefore may not reflect the views of all the committee's members.

6) Recognizing the Important Service to the Nation Provided by the Foreign Agricultural Service of the Department of Agriculture on the Occasion of its 50th Anniversary (H.J.Res. 49).



This resolution has no budget implications.

- 7) Awarding a Congressional Gold Medal to Prime Minister Tony Blair (H.R. 1511). This bill authorizes the President to present, on behalf of Congress, a Congressional Gold Medal to Prime Minister Tony Blair. No Congressional Budget Office [CBO] estimate was available, but the Budget Committee expects that any costs associated with it - for purchase of gold, design, and striking of the medals – are likely to be less than \$100,000 in fiscal year 2004. The costs would be partially offset by sales of duplicates of the medals. The bill is still likely to breach the allocation to the Financial Services Committee.
- 8) Expressing the Sense of the Congress That the Sharp Escalation of Anti-Semitic Violence Within Many Participating States of the Organization for Security and Cooperation in Europe [OSCE] Is of Profound Concern and Efforts Should Be Undertaken to Prevent Future Occurrences (H.Con.Res. 49). This resolution has no budget implications.
- 9) Condemning the Terrorism Inflicted on Israel Since the Agaba Summit, Expressing Solidarity With the Israeli People, and Calling on the Palestinian Authority to Take Immediate and Effective Steps to Dismantle the Terrorist Infrastructure on the West Bank and Gaza.

This resolution has no budget implications.

LEGISLATION CONSIDERED UNDER A RULE

Homeland Security Appropriations Act for Fiscal Year 2004 (H.R. 2555). Bill:

Committee: **Appropriations**

Summary: This measure appropriates budget authority for the operations and activities of the

Department of Homeland Security [DHS] in fiscal year 2004. These include funding for the Office of Domestic Preparedness, Firefighters, and Emergency Management; border protection and related activities; the U.S. Coast Guard homeland security activities; programs related to Science and Technology, such as funds targeted to research, development, and deployment of innovative technologies; programs protecting the Nation's critical infrastructure and key assets; the U.S. Secret Service; Disaster Relief; and textile transshipment. The bill provides \$5.6 billion over 10 years to encourage commercial development and production of medical countermeasures against

bioterrorism (Bioshield), \$890 million of which is available in fiscal year 2004. Advance appropriations for this program are included, appropriating \$3.42 billion over 5 years, and

\$5.59 billion over 10 years.

Cost: According to the CBO estimate, H.R. 2555 as reported provides \$29.411 billion in new

budget authority [BA] and \$30.506 billion in outlays for 2004.

Budget Act: The CBO estimate of the bill complies with the 302(b) allocation approved by the

> Appropriations Committee for the Subcommittee on Homeland Security. Hence the measure will not be subject to a point of order under section 302(f) of the Budget Act. The

measure does include \$890 million for Bioshield counter-terrorism measures.

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Budget Week Page 2 Section 404 of H.Con.Res 95, the budget resolution currently in force, established a reserve fund for this purpose and is available to the Appropriations Committee. Although the House Budget Committee Chairman is concerned that the reported bill provides an advance appropriation for fiscal year 2005 of \$2.528 billion that, if enacted, could be limited next year to achieve budgetary savings for the fiscal year 2005 appropriations bill, he released \$890 million from the reserve fund on 24 June 2003 because the requirements of section 404 of the budget resolution have been met.

Still, the bill does not comply with section 501 of the fiscal year 2004 budget resolution, because of the Bioshield advance appropriation. Section 501 limits the programs for which advance appropriations may be provided, and limits the total amount of advance appropriations to \$23.2 billion. The budget resolution did not include Bioshield on the list of activities that may be funded from advance appropriations. Further, although the President's request and the budget resolution accommodated funding for this initiative, it was not anticipated that it would be funded by an advance appropriation.

(Please see the Budget Committee's forthcoming Appropriations Update on this bill.)

Bill: Medicare Prescription Drug and Modernization Act of 2003

Committee: Ways and Means/Energy and Commerce

Summary: During the week of 16 June, the Committees on Energy and Commerce and Ways and

Means reported similar versions of the Medicare Prescription Drug and Modernization Act of 2003, H.R. 2473. The form of the bill to be considered on the floor, a merging of the two committee-reported versions, has not been made final. The bill is expected to establish a prescription drug benefit in Medicare, make adjustments to Medicare provider payment levels, and modernize the Medicare program. The drug benefit accounts for most of the cost of the legisl ation, but the bill also contains payment adjustments for Medicare providers, including payment increases for rural health care providers. The modernization provisions in the bill include competitive reform in the style of the Federal Employees

Health benefits Plan; and regulatory reform.

Cost: A CBO cost estimate for the final version of the bill was not available at the time of preparation of this *Budget Week*. It is expected the bill will be within the \$400 billion to be released from the reserve fund set forth in section 401 of H.Con.Res 95, the budget

resolution in force. It is not clear if any non-Medicare-related provisions will be within the

applicable allocation.

Budget Act: Section 401 of the budget resolution established a reserve fund to accommodate a

Medicare bill of up to \$7 billion in fiscal year 2004 and \$400 billion over 10 years. This reserve fund will be released prior to the consideration of any prescription drug bill, if that measure includes provisions related to modernization, a prescription drug benefit, or Medicare adjustments (e.g. provider payments). Thus, the funds would be available solely

for Medicare-related legislation.

It is expected the bill considered on the floor will be a newly introduced bill, not reported by a committee but incorporating provisions of both reported bills. Budget Act points of order typically do not apply against non-reported bills. In any event, the Budget Committee expects the underlying measure to comply with all provisions of the Budget

Act.

(Please see the Budget Committee's forthcoming Legislative Update on this bill.)

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Budget Week Page 3

Bill: Health Savings Account Availability Act (H.R. 2351).

K

Committee: Ways and Means

Summary: The primary component of the bill is the creation of new "health savings accounts" [HSAs]

that allow savings for health care expenses favorable tax treatment. An HSA is created as a tax-exempt trust or custodial account to be used only to pay for qualified medical expenses of the account holder, the account holder's spouse, or dependents. The account is subject to rules similar to those governing individual retirement accounts. The contributions to an HSA are deductible from the income tax liability of certain eligible taxpayers, and also are given favorable treatment if made by an employer for the benefit of an eligible individual. Interest and other earnings from the amounts in an HSA are exempt from the calculation of gross income. When withdrawing amounts from an HSA for allowable medical expenses, those amounts are not considered income to the account

holder.

Cost: The bill, as reported, will cause a total revenue reduction of \$615 million in fiscal year

2004, \$20.3 billion over 5 years, and \$71.5 billion over 10 years. It does not include any

direct spending.

Budget Act: The bill is not expected to cause the level of revenue to be less than the level provided by the budget resolution in fiscal year 2004 or over period of time covered by the resolution.

Nevertheless, as reported, the bill violates section 13302 of the Budget Enforcement Act of 1990, because it reduces receipts into the Old Age Survivors and Disability Insurance Trust Fund [OASDI] by \$120 million in fiscal year 2004, and by \$1.3 billion in the 2004-08 period. The point of order in section 13302 prohibits reducing receipts into the OASDI Trust Fund by more than \$250 million over a 5-year period without a corresponding reduction in benefits. The bill reduces the amount of taxable income for taxpayers and employers, thereby reducing the amount subject to payroll taxes, which reduces the flow of receipts into the trust fund.

Bill: Military Construction Appropriations Act for Fiscal Year 2004 (H.R. 2559).

H

Committee: Appropriations

Summary: This bill provides the main funding for the maintenance of the Department of Defense's

physical infrastructure. It funds construction projects and real property maintenance of the active Army, Navy, Marine Corps, and Air Force, and their reserve components; additional defensewide construction; U.S. contributions to the NATO Security Investment Program;

and military family housing operations and construction. The bill also provides

appropriations for the Base Realignment and Closure [BRAC] account, which finances most realignment and closure costs, including construction of facilities for transferred

personnel and functions, and environmental cleanup at closing sites.

Cost: According to the CBO estimate, the bill provides \$9.196 billion in BA and \$10.282 billion in

outlays for fiscal year 2004. These amounts are equal to the 302(b) suballocation. The

bill does not include any advance appropriations or emergency spending.

Budget Act: Amounts in the bill are equal to the 302(b) allocation to the Appropriations Subcommittee

on Military Construction, and hence will not be subject to a point of order under section 302(f) of the Budget Act. The bill does not include any advance appropriations, or any

spending designated as an emergency.

(Please see the Budget Committee's forthcoming Appropriations Update on this bill.)

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Budget Week Page 4

Bill: Intelligence Authorization Act for Fiscal Year 2004 (H.R. 2417).

Intelligence

Summary: The bill authorizes for fiscal year 2004 for the intelligence and intelligence-related

activities of the U.S. Government, the Community Management Account, and the Central

Intelligence Agency Retirement and Disability System [CIARDS], subject to

appropriations. The bill would authorize \$226 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. This is the same amount assumed for reauthorization under current law and the bill does not expand entitlements or the beneficiary population. The bill also authorizes the personnel ceilings on 30

September 2004 for the intelligence and intelligence-related activities of the U.S. Government and permits the Director of Central Intelligence to authorize personnel ceilings in fiscal year 2003 for any intelligence element up to 2 percent above the authorized levels, with the approval of the Director of the Office of Management and

Budget.

Committee:

Cost: Only the unclassified provisions of the bill are available to be analyzed. Those

components would cost \$320 million over the 2004-08 period, assuming appropriation of the specified and estimated amounts. The bill establishes an advisory panel to review and make recommendations on measurement and signatures intelligence programs, and allows it to except contributions to defray the expenses, but the amounts would be

insignificant.

Budget Act: The measure does not violate any provision of the Congressional Budget Act.